

Message Text

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ACTION EUR-12

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TAGS: EFIN, ECON, CA

SUBJECT: STATE OF THE BRITISH COLUMBIA ECONOMY

1. IN AN UPBEAT, PRERECORDED THANKSGIVING DAY (OCTOBER11) RADIO SPEECH, B.C. PREMIER BENNETT STATED THAT "OUR ECONOMIC HEALTH IS FAR FROM RESTORED, BUT THE WORST IS OVER. AND IF WE AVOID THE ERRORS THAT THOSE IN OTHER PARTS OF THE WORLD HAVE MADE, WE CAN LOOK FORWARD TO THE BEST DAYS THIS PROVINCE HAS EVER EXPERIENCED...." "I WANT YOU TO KNOW I HAVE NEVER BEEN MORE OPTIMISTIC ABOUT THE FUTURE OF OUR PROVINCE THAN I AM ON THIS THANKGIVING EVENING." BENNETT ALSO ADDED, HOWEVER, THAT B.C. STILL FACES MAJOR PROBLEMS OF INFLATION, COMPETITIVE DIFFICULTIES WITH ITS MAJOR EXPORTS, AND "AN INDUSTRIAL RELATIONS CLIMATE WHICH IS KNOWN THROUGHOUT THE WORLD FOR ITS UNCERTAINTY".

2. SUBSTANTIVELY, MAJOR ITEM IN PREMIER S SPEECH WAS ANNOUNCEMENT OF A DOLS 120 MILLION HIGHWAY BUILDING PROGRAM TO CREATE JOBS THIS WINTER. HOWEVER, NO REPEAT NO DETAILS, E.G., HOW MANY JOBS WOULD BE CREATED AND WHERE, WERE PROVIDED.

3. PREMIER'S SPEECH COINCIDED WITH RELEASE OF FINANCE MINISTER WOLFE'S SECOND QUARTERLY FINANCIAL REPORT, WHICH FORECASTS A
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FY-1977 NOMINAL SURPLUS OF DOLS 19.6 MILLION. HOWEVER, THIS

FORECAST DID NOT INCLUDE THE NEW HIGHWAY BUILDING PROGRAM WHICH WOULD PRESUMABLY THROW THE PROVINCE'S FINANCES BACK INTO A DEFICIT POSITION.

4. OPPOSITION CRITICS, IN THE FACE OF BENNETT'S ECONOMIC OPTIMISM, HAVE CHARGED THAT THE SPEECH CONFIRMS THAT THE GOVERNMENT HAD ORIGINALLY PAINTED A GLOOMY PICTURE OF THE ECONOMY TO SCORE POINTS AGAINST THE NDP. WITH REGARD TO THE ROAD PROGRAM, JOHNSTON (B.C. FEDERATION OF LABOR PRESIDENT) ACCUSED BENNETT OF "GOING BACK TO THE BLACKTOP PHILOSOPHY OF HIS FATHER" BY PROPOSING HIGHWAY CONSTRUCTION AS THE ANSWER TO B.C.'S ECONOMIC PROBLEMS.

5. IN A SUBSEQUENT DEVELOPMENT, A.B.C. HIGHWAYS DEPARTMENT REPORT ISSUED LATE OCTOBER 12 INDICATES THAT THE NEW CONSTRUCTION PROGRAM WILL CREATE ABOUT 2,000 NEW JOBS THIS WINTER BUT THAT ONLY DOLS 40 MILLION OF THE DOLS 120 MILLION TOTAL WILL BE SPENT BEFORE THE FISCAL YEAR ENDS ON MARCH 31.
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